

Message Text

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ORIGIN COME-00

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 L-03 H-03 SS-20 NSC-07

PA-04 PRS-01 USIA-15 DRC-01 (ISO) R

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FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

UNCLAS STATE 064979

E.O. 11652: N/A

TAGS: ETRD, TW

SUBJ: CHANGES IN ROC IMPORT DUTIES AND COMMODITY TAXES ON
ELECTRICAL APPLIANCES

1. FOLLOWING IS TEXT OF MARCH 28 COMMERCIAL TELEX SENT TO
UNDER SECRETARY COMMERCE TABOR BY CHARLES C. REHFELDT, EXECUTIVE
VICE PRESIDENT OF LAI FU TRADING CO., TAIPEI.

BEGIN TEXT

(1) REGRET TO ADVISE YOU THAT SINCE YOUR VISIT THIS GOVERNMENT
HAS DECIDED TO REDUCE DUTIES ON IMPORT PARTS FOR USE IN DOMESTIC
SALE T.V. SETS, AIR CONDITIONERS, REFRIGERATORS, ELECTRIC APPLI-
ANCES BY 50 PERCENT.

(2) IN ADDITION THIS GOVERNMENT IS IN THE PROCESS OF RAISING
THE COMMODITY TAX ON ELECTRICAL APPLIANCES BY 50 PERCENT TO
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100 PERCENT OF CURRENT TAX.

(3) THESE MEASURES TAKEN IN AN EFFORT TO PROTECT LOCAL MANUFACTURERS TO THE DETRIMENT OF AMERICAN MADE PRODUCTS.

(4) AMERICAN MADE IMPORTS TO THE ROC REPRESENT LESS THAN 10 PERCENT OF THE TOTAL DOMESTIC ROC MARKET.

(5) IT IS SURPRISING TO US THAT THIS SHOULD COME SO SOON AFTER YOUR VISIT TO ROC TO OPEN THE CHINESE GOVERNMENT SPONSORED U.S. TRADE CENTER AND REMARKS MADE AT THAT OPENING BY ROC GOVERNMENT LEADERS, ENSURING THEIR SUPPORT.

(6) UNLESS STRONG, PROMPT ACTION IS TAKEN IN WASHINGTON BY OUR COMMERCE DEPT AMERICAN PRODUCTS OPPORTUNITY IN THIS COUNTRY WILL BE SEVERELY LIMITED.

(7) WOULD APPRECIATE YOUR ADVISE AS TO WHICH U.S. SENATORS WE WOULD CONTACT TO OBTAIN CONGRESSIONAL SUPPORT IN FIGHTING THIS JAPANESE STYLE RESTRICTIVE TRADE PRACTICE.

(8) FOR YOUR INFORMATION THE ROC WILL EXPORT OVER 5 MILLION TELEVISION SETS TO THE UNITED STATES IN 1974. ALL AMERICAN T.V. SETS IMPORTED INTO ROC WILL NUMBER LESS THAN 25,000 UNITS, HOWEVER THIS REPRESENTS 7.5 MILLION DOLLARS TOWARDS IMPROVING THE U.S. TRADE DEFICIT.

(9) OTHER APPLIANCES WILL AT LEAST EQUAL THIS IF ACTION IS TAKEN TO PROTECT OUR COMPETITIVE POSITION IN THE MARKET BY OUR U.S. GOVERNMENT.

(10) PLEASE ADVISE US RETURN TELEX TODAY COMMERCE DEPT ACTION TAKEN AS WE ARE DEEPLY CONCERNED OVER THE AFFECT ABOVE ACTIONS WILL HAVE ON OUR ABILITY TO COMPETITIVELY MARKET AMERICAN PRODUCTS IN THIS COUNTRY ON BOTH SHORT AND LONG TERM BASIS. (END TEXT)

2. ACTION REQUESTED: EMBASSY REQUESTED TO REPORT DETAILS OF ROC ACTIONS AND SUGGEST APPROPRIATE COMMERCE REPLY TO MR. REHFELDT. PARTICULARLY INTERESTED IN EMBASSY'S ASSESSMENT OF OVERALL EFFECT OF ACTIONS ON U.S. TRADE AND INVESTMENT INTERESTS.
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